

# **FLOOD MITIGATION ASSISTANCE PROGRAM PROJECT GRANT**

## **INSTRUCTIONS AND GUIDANCE**

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## **Preface**

In the past South Dakotas have suffered millions of dollars in damages due to flooding. The impact of future flood disasters in the state depends largely upon how well we learn from our mistakes and prepare for the future.

The Federal Emergency Management Agency (FEMA), the Division of Emergency Management (DEM), and other organization respond to disasters by providing assistance to people in terms of food, shelter, clothing, and restoration of public and private facilities. Si9nce these efforts are vitally important they will continue.

If we do no more than respond to disasters, the problem repeatedly returns and we will continue to experience losses in lives, property, and money. Mitigation means that we are learning from past mistakes and are avoiding repeating them. FEMA's newly created Flood Mitigation Assistance program (FMA) allows communities to develop Pre-disaster Flood Hazard Mitigation Plans and provides funding of flood mitigation projects in NFIP participating communities. Mitigation is the key to breaking the disaster-recovery-disaster cycle. Once a community implements pre-disaster flood mitigation measures, it can better withstand the kind of economic distress, endangerment to life and environment degradation that have occurred in the past.

## **Floodplain Management**

The implementation of a comprehensive program of floodplain management is necessary for the long-term success of a community's flood mitigation strategy. Floodplain management is a continuous process of making decisions about how floodplain lands are waters will be used. It encompasses:

- 1) the choices made by owners of floodplain homes and businesses,
- 2) decisions made by officials at all levels of government,
- 3) development plans made by owners of commercial floodprone land, and
- 4) the judgement of farmers with pastures and fields bordering riverbanks

The success of floodplain management on any scale depends on the collection and utilization of engineering and administrative information. Sound floodplain management improves the decision making process for usage of floodplain land. Effective management requires prompt but careful decisions that are compatible with the risks and resources inherent to floodplains. If such decisions are not made, unwise development or other uses could occur that will prove costly in the long run. Unacceptable high costs can be avoided by creating a mitigation plan and implementing it.

## **Minimum Requirements**

### **Eligible Applicants:**

- States
- Communities participating in the NFIP, excluding those on probation. Suspended communities and those, which have withdrawn are not eligible.

In order to be eligible for an FMA project grant, an applicant NFIP community must:

- Have a FEMA-approved Flood Mitigation Plan.
- Be able to meet the FMA cost-share requirement (75% federal maximum /25% local minimum).

### **Examples of Eligible Projects:**

- Elevation of NFIP-insured residential structures.
- Elevation or dry floodproofing of NFIP-insured non-residential.
- Acquisition of NFIP-insured structures and underlying real property.
- Relocation of NFIP-insured structures from acquired or restricted real property to sites not prone to flood hazards.
- Demolition of NFIP-insured structures on acquired or restricted real property.
- Other activities that bring an NFIP-insured structure into compliance with the statutorily authorized floodplain management requirements.
- Minor physical flood mitigation projects that do not duplicate the flood-prevention activities of other Federal agencies and that lessen the frequency or severity of flooding and decrease predicted flood damages in localized flood problem areas. These include modification of existing culverts and bridges, installations or modification of floodgates, stabilization of streambanks, and creation of small debris or flood/stormwater retention basins in small watersheds.

### **Non-Eligible Projects:**

- Construction or improvement of major structural flood-control structures such as dikes, levees, dams, seawalls, groins, and jetties.
- Projects consisting of channel widening or stream alignment.
- Mapping projects

## **Eligible Project Requirements:**

- **Be cost-effective.** The project shall not cost more than the anticipated value of the reduction in both direct damages and subsequent negative impacts to the area if future floods were to occur. Both costs and benefits are computed on a net-present-value basis.
- **Conform with applicable Federal and State regulations and executive orders, including:** NFIP Floodplain Management Regulations at 44 CFR 60.3; 44 CFR Part 9 - Floodplain Management and Protection of Wetlands; Executive Order 12699-Seismic Safety; 44 CFR Part 60-Criteria for Land Management and Use; 44 CFR Part 10 Environmental Considerations; and any other applicable Federal or State laws and regulations.
- **Be technically feasible.** The project must use design and construction methods and materials that are approved, codified, recognizable, fall under standard or accepted level of practice, or otherwise are determined to be generally acceptable by the design and construction industry.

## **FMA Project Application Format**

- Application must be typed.
- Number each page at the bottom and in the center.
- In the top right hand corner of every page include the name of the community, the project name, and the date of application.
- Use front and back of pages when possible. But always start each section on a new page.
- It is recommended you keep your pages to a minimum.

## **Elements of Application**

### **Cover Page:**

Provide a cover page listing community name, project title, and date of application.

### **Table of Contents:**

Insert behind the cover page.

## **Section I - Applicant Information:**

I A. Point of Contact - most of this section is self-explanatory. If you do not know your FIPS Codes, contact the state NFIP Coordinator.

I B. NFIP Information - This information is on record in the Local Floodplain Administrators office. If you need additional information, you can contact the State NFIP Coordinator. A FEMA-approved Flood Mitigation Plan is required before project funding can be applied for.

## **Section II - Project Eligibility:**

II A. Project Type - Mark the appropriate project type(s) and give a short description of your project. Your final application will provide a detailed project description.

### Example Descriptions:

- Elevation of two NFIP-insured manufactured homes located in the floodplain. These pre-firm homes are currently below BFE. By elevating them we will decrease the risk of flooding and bring these structures into compliance.
- This is a bank stabilization project located on the North Fork of the West Ridge River just North of HWY.210 in Johnson County.

II B. Eligibility Criteria - To be eligible for FMA funding, a project must meet minimum criteria. Give a short explanation of actions taken to determine that each criterion has been met. List the individual names and titles of person involved in verifying project conformance. Include documentation of verification with your application.

If the criteria has not been met. Give an explanation of actions that will be taken to ensure the criteria will be met. List individuals that will be involved with the process.

## **Section III - Proposed Budget (see Grant Application):**

III A. FMA Monies Requested - Self-explanatory.

III B. Funds Commitment - Answer each question appropriately.

## **Section IV - Project Narratives:**

IV A. Flood Hazard Problem and Objectives of Request - In this narrative, describe the hazard identification and risk assessment process used for the community. List hazards, risks, and the objectives for grant request. Be sure to address the number of NFIP-insured or insurable structures affected especially those with repetitive losses.

IV B. Considered Approaches - Include in this narrative a description of at least 3 approaches/alternatives considered to meet the objectives and an estimated budget for each. One approach can be a no action alternative.

IV C. Decision Making Process- Provide a brief summary of the decision-making process for choosing the preferred approach, including the cost of the approach relative to the anticipated effectiveness, likely environmental effects of the approach and other alternatives considered, and consistency with local objectives and existing mitigation plans. Multi-objective projects may have an advantage when competing for limited funds.

IV D. Itemized Costs - At a minimum, the outline shall include construction-related costs, such as land and structure acquisition-related costs, costs of consultants such as attorneys, planners, engineers, and surveyors; and annual maintenance costs. Maintenance costs shall include the projected cost of future needs to maintain the designated level of protection. All costs shall be adjusted to present value.

IV E. Benefits/Outcomes - Provide an itemized list of expected benefits or outcomes of preferred approach and estimated dollar value, adjusted to present value. This section of your application must show the project is cost beneficial.

IV F. Environmental Information - Provide description of the surrounding environment, including type of land use (rural, residential, urban, etc.), identified hazard areas (seismic erosion, flood, high winds, etc.), and the presence of known endangered species, wetlands, historical, structures or sites, archeological sites, and hazardous materials.

IV G. Work Schedule - Provide proposed work schedule for preferred approach.

## **Section V- Support Documents:**

Include in this section maps, permits, letters of support, photographs, or other information you feel may be helpful to the reviewer.

## **Miscellaneous Information**

### **NFIP-Insured Versus NFIP- Insurable Structures:**

The emphasis of the National Flood Insurance Reform Act (NFIRA) is on NFIP-insured structures, but language in the Act also refers to NFIP-insurable structures. FMA will be available to states and communities for mitigation activities that may benefit insurable properties not insured under the NFIP. For projects that directly affect individual structures, such as elevation, acquisition, or relocation, each structure must have a flood insurance policy in force. For minor structural flood control projects or beach nourishment activities, the effectiveness of the project can be based on the benefits provided to insurable structures.

### **Eligibility of Phased Projects:**

Since FMA funding is limited, funding for projects over several fiscal years may be approved. Applicant should submit the entire project for approval, with funding phased over two or more years. Each year's activity must be eligible in terms of benefit/cost and other factors. Realize, however, that there is no guarantee that funds will be available in the future fiscal years.

### **Cost-Share Requirements:**

According to the NFIRA, FEMA may contribute up to 75 percent of the cost of eligible activities. The remaining 25 percent must be matching contributions from the applicant. Up to one half of the non-Federal share (i.e., 12.5 percent of the overall cost) may be in-kind contributions from third parties. The remaining half of the non-Federal share must be met by State and local government expenditures and cash funds identified at the time of application.



### **Non-Federal Cash Funds May Include:**

- State or local government expenditures.
- Salary paid to staff to carry out the approved mitigation activities of the recipient (including project manager, attorneys, appraisers, planners, engineers, public works crews, etc.).
- State or local cash funds provided to contractors and consultants to carry out approved mitigation activities.
- State or local cash funds provided to individuals to carry out approved mitigation activities.

### **Third-Party In-Kind Contributions:**

As stated earlier, in-kind contributions from third parties may constitute up to one-half of the non-Federal share, or 12.5 percent of the overall cost of the eligible activities. Third-Party in-kind contributions must be:

- Necessary for proper and efficient accomplishment of program activities.
- Allowable if the grantee itself was required to pay for them.

Simply stated, the rule for valuation of third-party in-kind contributions is, "What would it have cost if the grantee had paid for the item or service itself?" A number of specific rules that elaborate on this theme are discussed in the following paragraphs.

### **Donated Services:**

The value of donated services is determined according to the following rules:

- **Volunteers.** Services provided to a grantee by volunteers are valued at rates consistent with those paid by grantee to its own employees for similar work. If the grantee does not have employees performing similar work, then the rates ordinarily paid by other employers for similar work in the same labor market will apply. In either case, a reasonable amount of fringe benefits may be included in the valuation.

- **Employees of Other Organizations.** When an employer other than the grantee furnishes, free of charge, the services of an employee, these services are valued at the employee's regular rate of pay (exclusive of the employer's fringe benefits and overhead costs), provided these services are in the same line of work for which the employee normally is paid. If the services are in a different line of work, the rules for volunteer services above apply.

In either case, donated services are valued at the rate for "similar work".

#### **Donated Supplies and Loaned Equipment or Space:**

If a third party donates supplies, the contribution is valued at the market value of the supplies at the time of donation. If a third party donates the use of equipment or space in a building but retains title, the contribution will be valued at the fair rental rate of the equipment or space.

#### **Donated Equipment, Buildings, and Land:**

If a third party donates equipment, building, or land and title passes to the grantee, the amount that is allowable for purposes of cost-sharing or matching depends on whether the grant is for capital or operating expenditures.

- **Grants for Capital Expenditures.** If the purpose for the grant is to assist the grantee in the acquisition of equipment, building, or land, the total market value of the property at the time of donation may be claimed. This would be the case if an owner of a floodprone donated all or a portion of their land toward a neighborhood project.
- **Grants for Current Operations.** If the purpose of the grant is to support activities that require the use of equipment, building, or land (e.g., a bulldozer used for demolition work), then no amount of cost-sharing or matching may be claimed for donated land, nor may donated equipment or buildings be treated as third party in-kind contributions. Instead, depreciation or use allowances based on the market value of the donations will constitute allowable costs incurred by the grantee. Such depreciation or use allowances are determined and allocated according to the cost principles in the same manner as depreciation or use allowances for property purchased by the grantee, and therefore usually will be treated as indirect costs.

## **Appraisal of Real Property:**

In some cases a determination must be made of the market value of land or a building, or fair rental rate of land or of space in a building. FEMA may require, as a precondition to allowability for cost-sharing or matching purposes, that the market value or fair rental rate be determined by a certified real property appraiser, and that the value or rate be certified by the responsible official of the grantee.

## **Records for Third-Party Contributions:**

The most common problem with third-party in-kind contributions is lack of documentation. Grantees should exercise extreme care to document all third-party in-kind contributions. The grantee records must show how it arrived at the valuation placed on third-party in-kind contributions. For example, the quantity and allocability of volunteer services must be supported, to the extent feasible, by the same methods that the grantee uses for its own employees performing similar services. If, for instance, a grantee's employees use a time clock, so too must volunteers performing similar work.

## **Grants Management:**

**Project Management** - Communities should implement a recordkeeping and financial management system to meet DEM's financial reporting requirements and to document that FMA funds have not been used in violation of existing regulations. This system should consist of files for each project that include the project application, correspondence, vouchers, reports, receipts, and other appropriate documentation. Once project closeout has occurred, these records should be kept for a minimum of 3 years for audit purposes.

**Financial Reporting** - Under the State-Local FMA Grant Agreement, the grantee must submit financial reports to DEM. Grantees must be familiar with and abide by responsibilities under 44 CFR Parts 13 and 14. Financial reports are due 5 days after the end of each quarter. Final performance and financial reports are due 60 days after the expiration or termination of grant support.

The applicant must submit periodic progress reports to DEM each quarter. These quarterly reports are due to DEM by the 5<sup>th</sup> day of January, April, July, and October. If the 5<sup>th</sup> day falls on a weekend or holiday, the report is due the first business day following.

Performance reports should include brief information on the following:

- A comparison of actual accomplishments to the objectives established for the period. Where the output of the project can be quantified, a computation of the cost per unit of output may be required if that information will be useful.
- The reasons for slippage if established objectives are not met.

The format of performance reports will be left up to the grantee as long as the required information is related.

The grantee must notify DEM of:

- Problems, delays, or adverse conditions which will materially impair the ability to meet the objective of the award. This disclosure must include a statement of the action taken or contemplated, and any assistance needed to resolve the situation.
- Favorable developments, which enable meeting time schedules and objectives sooner or at a lower cost than anticipated or producing more beneficial results than originally planned.
- DEM will make site visits as warranted by program needs.

### **Recapturing Funds:**

Funds provided to a State, community, or tribe under FMA may be recaptured if:

- The applicant has not provided the appropriate matching funds.
- The approved project has not been completed within the specified timeframes.
- The completed project does not meet the criteria specified in the FMA regulations.

Any applicant who has had funds recaptured under FMA will be ineligible for future funding for 5 years from the date the funds were withdrawn.

**Project Closeout:**

Closeout is a process in which DEM determines that all applicable administrative actions and all required work of the grant have been completed by the recipient and DEM. Actions that must precede closeout are receipt of all required reports, disposition or recovery of all Federal property, and adjustment of the award amount and the amount of cash paid to the recipient.